



## The State of New Hampshire Insurance Department

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### **Fraud Against New Hampshire Seniors**

New Hampshire's seniors have a special need for financial security and their concern about burdening their families make them inviting targets for insurance fraud and misrepresentation. Unscrupulous agents have been known to single out seniors who are vulnerable to high-pressure tactics and misleading sales pitches. If you suspect that you may have been the target of such practices you can reach the New Hampshire Insurance Department's Consumer Division for assistance at 1-800-852-3416, option #2.

Here are some telltale signs of potential fraud and misrepresentation, along with tips on how to protect yourself:

#### **An agent or other insurance sales representative urges you to pay cash:**

Pay only by check or money order made out to the insurance company or the insurance agency, not the individual agent.

#### **A sales person or telephone caller claiming to be from Medicare or the Social Security Administration makes an insurance sales pitch:**

This is against the law. Get as much information as possible and file a complaint with the New Hampshire Insurance Department against anyone who claims to be from Medicare, Social Security or any government agency and tries to sell you insurance.

#### **Someone uses high pressure tactics such as telling you this is your last chance at a special deal or appealing to your sympathy with a hard-luck story:**

Ask someone you trust to be present during an agent's visit to your home. Don't buy anything on the first visit. Tell them you will need time to review the materials on the product offered before making a decision.

#### **You receive a mailer/postcard offering special information on Social Security, Medicare, Annuities or new Federal tax laws if you'll just return a postcard. It may even look like it came from the Federal government or have a Washington, D.C. return address:**

Before giving out any information about yourself, be aware that the card may bring an agent to your door with an unwanted—and possibly high-pressure—sales pitch.

#### **A salesperson urges you to cash in your certificates of deposit (despite the interest penalty) and put the money into investments, annuities or life insurance policies:**

Seek advice from your accountant, attorney, financial advisor, or trusted friend or relative before committing to any unsolicited investment. That *investment* might well be a life insurance policy or an annuity. Interest rates on life insurance policies should not be compared to yields on CDs or other financial investments. This is because part of every premium dollar goes to cover the costs of the insurance (death benefits). True yields on life insurance policies might actually be negative for the first 3 to 5 years or so.

Read life insurance policies carefully to understand how the cash value is calculated and what the early withdrawal penalties are. Remember that the primary purpose of life insurance is to replace a family's income if a breadwinner dies prematurely. Life insurance rates can be quite high for people past retirement. In the case of annuities, pay special attention to the payout starting date, any penalties you may incur and what would happen should you die before or during the payout period.

**You are told you need an insurance policy to avoid burdening your family:**

Resist appeals to guilt. Buy only the insurance you need and CAN AFFORD.

**A salesperson urges you to cash in your existing life insurance policies and invest the cash value in new ones that supposedly will yield a higher return or provide more insurance:**

This practice—called *churning*—may harm the policyholder financially, since the cash value of the new policy will build very slowly. If you bought the original policy at an earlier age, the new policy might cost more and offer less coverage. In addition, if you should die during the first two years of a new policy, the insurance company can contest claims for the death benefits. Many companies pay larger commissions to agents for new policies than for renewals. Ask yourself whether the agent has your best interest in mind or is just shooting for a higher commission.

**The New Hampshire Insurance Department works in partnership with New Hampshire Helpline and HICEAS (Health Insurance Counseling Education and Assistance Services). They can be reached at 1-800-852-3388.**